

EXHIBIT O

S-4/A 1 fs42020a5_insuranceacqcorp.htm AMENDMENT NO. 5 TO FORM S-1

As filed with the Securities and Exchange Commission on September 23, 2020

Registration No. 333-239896

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 5
TO
FORM S-4
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

INSURANCE ACQUISITION CORP.

(Exact name of registrant as specified in its charter)

Delaware	6770	82-5325852
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

2929 Arch Street, Suite 1703
Philadelphia, PA 19104-2870
(215) 701-9555

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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Attn: John M. Butler
President and Chief Executive Officer
(215) 701-9555

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective and after all conditions under the Merger Agreement to consummate the proposed merger are satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ☐

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer,"

The Merger Consideration was determined through arm's-length negotiations between the Company and Shift and was approved by the Insurance Acquisition Board. Northland did not provide advice to the Insurance Acquisition Board during these negotiations nor recommend any specific consideration to the Company or the Insurance Acquisition Board or suggest that any specific consideration constituted the only appropriate consideration for the Merger, including but not limited to the Merger Consideration. In addition, Northland's opinion and its presentation to the Insurance Acquisition Board were one of many factors taken into consideration by the Insurance Acquisition Board in deciding to approve the Merger.

For purposes of its financial analyses, Northland utilized Shift's internal financial projections for the fiscal years ending December 31, 2020 through December 31, 2022, prepared by and furnished to Northland by the management of the Company and Shift.

Further, Northland was advised by management of the Company, and Northland assumed with the consent of management of the Company, that, as of the date of its Opinion the amount held by the Company in trust for the benefit of its public stockholders (excluding any deferred underwriting commissions and taxes payable on interest earned on the trust account) was equal to \$147.3 million.

Comparable Public Company Analysis

Northland reviewed, among other things, selected historical financial data and estimated financial data of Shift based on projections provided by its management, and compared them to corresponding financial data, where applicable, for U.S. listed public companies that Northland deemed comparable to Shift. Northland also derived multiples for each of the comparable companies and Shift based on such financial data and market trading prices, as applicable, and compared them. Northland selected these companies based on characteristics described below using the most recently available public information obtained by searching SEC filings, public company disclosures, press releases, equity research reports, industry and popular press reports, databases and other sources.

Although Northland selected the companies reviewed in these analyses because, among other things, their businesses are reasonably similar to that of Shift, no selected company is identical to Shift. Accordingly, Northland's comparison of selected companies to Shift and analysis of the results of such comparison was not purely quantitative, but instead necessarily involved qualitative considerations and professional judgments concerning differences in financial and operating characteristics and other factors that could affect the relative value of Shift.

The comparable group consisted of three (3) U.S. publicly traded companies that have financial profiles deemed comparable to Shift. Collectively, such group is referred to in this proxy statement as the "Comparable Group." Based on these criteria, Northland identified and analyzed the following selected companies:

Automotive Marketplaces & Services:

- CarMax, Inc.
- Carvana Co.
- Vroom, Inc.

Below are the Comparable Group's underlying metrics and estimates for the last twelve months, 2020E, and 2021E.

	Enterprise Value (millions)	Operating Data of Comparable Group (millions)					
		LTM Revenue	2020E Revenue	2021E Revenue	LTM Gross Profit	2020E Gross Profit	2021E Gross Profit
CarMax, Inc. ⁽¹⁾	\$ 29,544	\$ 20,320	\$ 17,934	\$ 21,026	\$ 2,722	\$ 2,201	\$ 2,750
Carvana Co. ⁽¹⁾	\$ 20,808	\$ 4,283	\$ 5,075	\$ 7,344	\$ 556	\$ 645	\$ 1,089
Vroom, Inc. ⁽¹⁾	\$ 6,558	\$ 1,333	\$ 1,690	\$ 2,665	\$ 64	\$ 75	\$ 142

(1) 2020 and 2021 revenue and gross profit estimates are based on consensus estimates as reported on S&P Capital IQ platform

In all instances, Northland applied a private company discount of 25.0% to the equity values based on closing stock prices on June 25, 2020. With respect to the Comparable Group table below, the information Northland presented included the following valuation and operating data:

- Multiple of enterprise value to revenue for the last twelve months, or EV / LTM Revenue
- Multiple of enterprise value to gross profit for the last twelve months, or EV / LTM Gross Profit
- Multiple of enterprise value to estimated 2020 revenue, or EV / 2020E Revenue
- Multiple of enterprise value to estimated 2020 gross profit, or EV / 2020E Gross Profit
- Multiple of enterprise value to estimated 2021 revenue, or EV / 2021E Revenue
- Multiple of enterprise value to estimated 2021 gross profit, or EV / 2021E Gross Profit

	Comparable Group			
	Min	Mean	Median	Max
EV / LTM Revenue ⁽¹⁾⁽²⁾	1.3x	2.9x	3.6x	3.7x
EV / LTM Gross Profit ⁽¹⁾⁽²⁾	9.5x	37.6x	28.3x	74.9x
EV / 2020E Revenue ⁽²⁾	1.4x	2.5x	2.8x	3.1x
EV / 2020E Gross Profit ⁽²⁾	11.7x	33.5x	24.4x	64.2x
EV / 2021E Revenue ⁽²⁾	1.2x	1.7x	1.8x	2.1x
EV / 2021E Gross Profit ⁽²⁾	9.4x	19.3x	14.5x	33.9x

- (1) LTM for the selected public company analysis is based on latest publicly reported financial results. For Shift, LTM is as of 03/31/20.
- (2) Projected calendar year 2020 and 2021 revenue and gross profit, as applicable, for Shift were based on projections provided by management of the Company and Shift. Projected calendar year 2020 and 2021 revenue and gross profit, as applicable, for the selected public companies were based on equity research analyst consensus estimates.

Based on the discounted multiples above, Northland then applied the range of Comparable Group trading multiples to the applicable revenue and gross profit metrics of Shift. The analysis indicated the following implied enterprise value of Shift as compared to Shift's projections:

	Target (millions)	Implied Enterprise Value of Target (millions)			
		Min	Mean	Median	Max
LTM Revenue	\$ 152.4	\$ 193	\$ 435	\$ 550	\$ 561
LTM Gross Profit	\$ 12.7	\$ 121	\$ 477	\$ 360	\$ 951
2020E Revenue	\$ 193.7	\$ 279	\$ 477	\$ 551	\$ 602
2020E Gross Profit	\$ 15.1	\$ 177	\$ 505	\$ 369	\$ 970
2021E Revenue	\$ 401.8	\$ 494	\$ 694	\$ 725	\$ 863
2021E Gross Profit	\$ 40.3	\$ 379	\$ 776	\$ 583	\$ 1,367

Comparable M&A Transaction Analysis

Northland performed two separate comparable M&A transaction analyses, which were designed to imply a value for a company based on publicly available financial terms of the selected transactions that share certain similar characteristics with the Merger.

Northland selected the first set of comparable M&A transactions based on information obtained by searching SEC filings, public company disclosures, press releases, equity research reports, industry and popular press reports, databases and other sources. Northland selected these transactions based on the following criteria:

- transactions with the target company operating within retail automotive and services industry;
- transactions completed since 2010;